

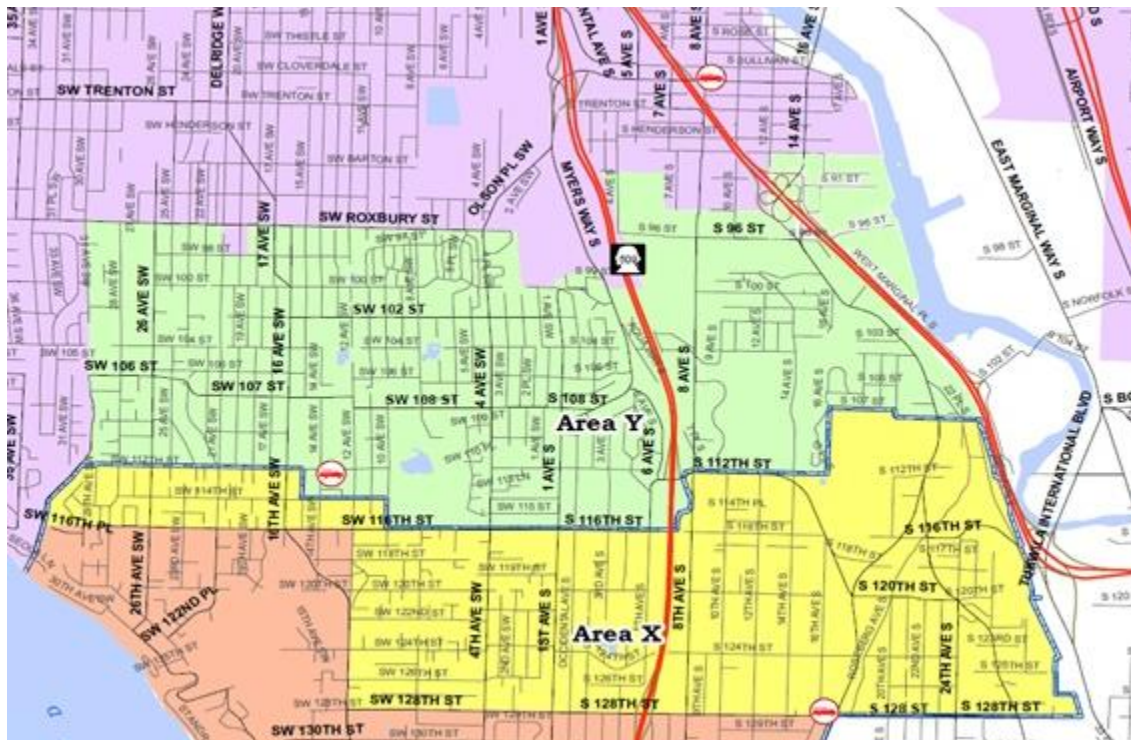
**Legislative Department
Seattle City Council
Memorandum**

To: All Councilmembers
From: Christa Valles & Dan Eder, Central Staff
Subject: Potential Annexation of Unincorporated North Highline
Date: February 17, 2009

At the February 19, 2010 Regional Development and Sustainability Committee (RDSC), Councilmembers will discuss the possibility of passing a resolution to set in motion a process for annexing the remaining unincorporated North Highline area via the election method (Area Y). In order for an election to be held in November 2010, the City Council will need to do the following:

1. Pass a resolution by mid-April initiating an election in North Highline to annex to Seattle.
2. Pass a resolution by August 9 to set annexation election date.

These steps are necessary but not sufficient to place the annexation question on the ballot. The Council must pass the first resolution before the City can submit a proposal to the Boundary Review Board of King County, which is charged with reviewing and approving (or denying or modifying) annexation boundaries. Assuming the Boundary Review Board grants the City approval to move forward with an election, the City Council will need to pass a second resolution to have King County place the annexation question on the ballot.



Based in part on when the City's Budget Office believes it can provide updated and revised financial data for Council consideration, Central Staff recommend the following committee schedule to consider a resolution to initiate a 2010 annexation election in North Highline.

February 19:	Executive communication/outreach plan; Process and timeline, Special District Transition Plan Assumptions, Demographic Information.
March 2:	Continued discussion and Q&A.
March 16:	Updated and refined financial data: revenues & expenditures & service level assumptions; Budget Office's proposed timeline for developing capital and infrastructure cost estimates and further refinement of O&M revenues and expenditures.
April 6:	Committee vote on resolution to initiate an election on annexation.
April 12:	Full Council vote on resolution to initiate an election on annexation.

Resolution to Initiate Election on Annexation

Per RCW 35.13.015, the resolution to initiate annexation must include the following statements and information:

Required

1. States the council has determined it is in the best interests and general welfare of the City to annex.
2. Describes the boundaries of the area to be annexed.
3. Identifies the number of voters in the area to be annexed.
4. Petitions for an election on the question of annexation among the qualified voters in the area to be annexed.
5. States that the City will pay the cost of the annexation election.

Optional

6. Whether the area annexed shall be assessed and taxed at the same rate and on the same basis as the property of the annexing city to pay for all or any portion of the outstanding indebtedness of the annexing city.

A formal public hearing by the city council is optional.

Financial Estimates

The previous administration developed the 2006 expenditure and revenue estimates to provide Council with a general sense of the potential gap between revenues and expenditures should the City annex all or part¹ of the unincorporated North Highline area. Council reviewed this information in the context of a decision to designate North Highline a Potential Annexation Area (PAA) in the City's Comprehensive Plan in 2006.

Since designating North Highline a PAA did not necessarily obligate the City to move forward with annexation, the previous administration did not develop more detailed estimates required for budget planning purposes. As a result, when developing the 2006 numbers, the previous administration made several assumptions about service levels that have not been fully vetted as potential policy choices for Council consideration. Central Staff did, however, determine the calculations appeared to provide a reasonable "ballpark" estimate but noted the validity of the

¹ The partial annexation numbers were based on Area Y plus those portions of Area X North of 116th that have now been annexed by the City of Burien.

numbers was only as good as the underlying assumptions and unresolved issues and uncertainties could increase costs².

Over the next couple of weeks, the Budget Office will attempt to update and refine the 2006 expenditure and revenue estimates prior to a RDSC vote on the resolution to initiate an annexation election (“Phase I expenditure & revenue analysis”). This will include adjustments to:

- Account for the boundary changes not currently reflected in the original estimates.
- Ensure the estimates for additional police costs include changes required for implementing the neighborhood policing plan.
- Adjust revenues, such as sales tax, to account for the impacts of the recession.
- Provide a wider range of estimates that show how costs may fluctuate based on changes to service level assumptions.

These adjustments will not result in detailed planning level O&M costs and revenue estimates. They will also not include an assessment of major capital costs and infrastructure liabilities, such as whether a new library or fire station will be needed. Consequently, after Council passes a resolution to initiate an annexation election in North Highline, and prior to a vote on the second Council resolution requesting King County place an annexation measure on the ballot in North Highline, Executive and Council Staff will work with departments to identify additional changes that may be required to update service levels, determine CIP/infrastructure needs, and add greater precision to previously identified expenditures and revenues (“Phase II expenditure and revenue analysis”). It will be, however, the Executive’s responsibility to ensure department cooperation and compliance with requests for additional information and assistance in developing Phase II expenditures and revenues.

² Central Staff memo dated July 26, 2006.